APPENDIX "A".

Exhibit "D" (Record pages 70 to 76).

Code of Iowa, 1939:

(The following statutes of the State of Iowa as set forth in the Code of Iowa, 1939, were on August 24, 1921, and now are in full force and effect:)

Chapter 395:

8613.1 *Ex Officio receiver.* The commissioner of insurance henceforth shall be the receiver and/or liquidating officer for any insurance company, association or insurance carrier, and shall serve without compensation other than his stated compensation as commissioner of insurance, but he shall be allowed clerical and other expenses necessary for the conduct of such receivership.

Chapter 398:

8643 *Level premium plan companies.* Every life insurance company upon the level premium or the natural premium plan, created under the laws of this or any other state or country, shall, before issuing policies in the state, comply with the provisions of this chapter applicable to such companies.

8654 *Valuation of policies.* As soon as practicable after the filing of such statement, the commissioner of insurance shall ascertain the net cash value of every policy in force upon the basis of the American table of mortality and four and one-half per cent interest, or actuaries' combined experience table of mortality and four per cent interest, in all companies organized under the laws of this state. For the purpose of making such valuation he may employ a competent actuary, who shall be paid by the company for which the service is rendered; but the company may make such valuation and it shall be received by the commissioner upon satisfactory proof of its correctness.

8655 *Deposit to cover valuation—policy loan agreements.* The net cash value of all policies in force in

any such company being ascertained, the commissioner shall notify it of the amount, and within thirty days thereafter the officers thereof shall deposit with the commissioner the amount of the ascertained valuation in the securities specified in Section 8737.

Any Iowa company may file a verified statement of the total amount of loans secured by its policies, and evidence of such indebtedness shall be checked by the commissioner at least semiannually. Such verified statement shall be taken and considered as a security to be deposited under the provisions of Section 8741.

There may be included in the deposit an amount of cash on hand not in excess of five per cent of the deposit required, such deposit to be evidenced by a certified check, certificate of deposit, or other evidence satisfactory to the commissioner of insurance.

Deposits of securities may be made in excess of the amounts required hereby.

8660 *Examination.* The commissioner of insurance at any time may make a personal examination of the books, papers, securities, and business of any life insurance company doing business in this state, or authorize any other suitable person to make the same, and he or the person so authorized may examine under oath any officer or agent of the company, or others, relative to its business and management.

8661 *Injunction—receivership—dissolution.* If upon such examination the commissioner is of the opinion that the company is insolvent, or that its condition is such as to render its further continuance in business hazardous to the public or holders of its policies, he shall advise and communicate the facts to the attorney general, who shall at once apply to the district court of the county or any judge thereof, where the home office of a domestic company or an agency of a foreign company is located, for an injunction to restrain the company from transacting further business except the payment of losses already ascertained and due, until further hearing, and for the appointment of a receiver, and, if a domestic company, for the dissolution of the corporation. The judge of such court may grant a preliminary injunction with or without notice, as he may direct.

8662 *Decree.* The court, on the final hearing, may make decree subject to the provisions of Section 8663 as to the appointment of a receiver, the disposition of the deposits of the company in the hands of the commissioner, and its dissolution, if a domestic company.

8663 *Securities.* The securities of a defaulting or insolvent company, or a company against which proceedings are pending under Sections 8661 and 8662, on deposit shall vest in the state for the benefit of the policies on which such deposits were made, and the proceeds of the same shall, by the order of the court upon final hearing, be divided among the holders thereof in the proportion of the last annual valuation of the same, or at any time be applied to the purchase of reinsurance for their benefit.

8664 *Change of securities.* Companies shall have the right at any time to change the securities on deposit by substituting a like amount of the character required in the first instance. If the annual valuation of the policies in force shows them to be less than the amount of security deposited, then the company may withdraw such excess, but twenty-five thousand dollars must always remain on deposit.

8665 *Interest on securities.* Companies having on deposit with the commissioner of insurance bonds or other securities may collect the dividends or interest thereon, delivering to their authorized agents the coupons or other evidence of interest as the same become due, but if any company fails to deposit additional security when and as called for by the commissioner, or pending any proceedings to close up or enjoin it, the commissioner shall collect such dividends or interest and add the same to such securities.

8741 *Securities deposited.* All such securities shall be deposited with the commissioner, subject to his approval and kept at such place or places and on such terms as he may designate, and shall remain on deposit until withdrawn in accordance with law, or the order of the commissioner.

8741.1 *Exchange of securities.* Any of the securities owned and held under the provisions of this chap-

ter, including real estate owned and held, in its own office or on deposit with the insurance department may be exchanged for other securities and real estate authorized to be held under said chapter provided that it appears that such exchange will strengthen the position of said company and be to its advantage and that such exchange shall receive the approval of the commissioner of insurance, and provided further that in the exchange of such securities the values may be placed upon such securities and real estate so received and shall be fixed and determined by the department of insurance but upon a valuation not relatively higher than that of any such securities so exchanged. Such securities and real estate so received may be accepted by the insurance department as eligible for reserve deposits. All acts and parts of acts insofar as they are in conflict with this section are hereby repealed.

Chapter 409:

9105 *Life companies—consolidation and reinsurance.* No company organized under the laws of this state to do the business of life insurance, either on the stock, mutual, stipulated premium, or assessment plan, shall consolidate with any other company or reinsure its risks, or any part thereof, with any other company, or assume or reinsure the whole or any part of the risks of any other company, except as hereinafter provided; provided that nothing contained in this chapter shall prevent any company, as defined in Section 9104, from reinsuring a fractional part of any single risk.

9106 *Submission of plan.* When any such company shall propose to consolidate or enter into any reinsurance contract with any other company, it shall present its plan to the commissioner of insurance, setting forth the terms of its proposed contract of consolidation or reinsurance asking for the approval or any modification thereof, which the commission hereinafter provided for may approve. The company must also file a statement of its assets and if a legal reserve company, of the reserve value of its policies or contracts.

9107 *Procedure—Notice.* The commission shall proceed to hear and determine such petition, without

notice. If the commission shall deem it necessary in order to conserve the interests of the policyholders that notice shall be given, it shall require the company or companies to notify, by mail, all of the members or policyholders of the said company or companies of the pendency of such petition, and the time and place at which the same will be heard, the length of time of such notice to be determined by the commission.

9108 *Commission to hear petition.* For the purpose of hearing and determining such petition, a commission consisting of the governor, commissioner of insurance, and attorney general is hereby created. In the inability of the governor to act, the secretary of state may act in his stead.

9111 *Authorization.* Said commission, if satisfied that the interests of the policyholders of said company or companies are properly protected and no reasonable objection to said petition exists, may authorize the proposed consolidation or reinsurance or may direct such modification thereof as may seem to it best for the interests of the policyholders; and said commission may make such order and disposition of the assets of any such company thereafter remaining as shall be just and equitable.

9112 *Unanimous decision required.* Such consolidation or reinsurance shall only be approved by the consent of all of the members of said commission, and it shall be the duty of said commission to guard the interests of the policyholders of any such company or companies proposing consolidation or reinsurance.

9114 *Approval and filing with commissioner.* Any plan of consolidation or reinsurance submitted as herein contemplated, must first have been approved by the commission, and the result of said vote must be filed with the commissioner of insurance and be by him determined before any consolidation or reinsurance shall be effected.

APPENDIX "B".

The contracts, Exhibits "A", "B" and "C", contained the following provisions (Record pages 67 to 70, inclusive):

> "* * * and covenants and agrees to and with the said American Life Insurance Company of Des Moines, Iowa, and to and with each of the holders of the policies and contracts herein referred to, * * *."

And each contained the following provisions (Record page 69):

> "5. The transfer hereby made is subject to the requirements of the statutes of the State of Iowa, relative to the deposit with the Commissioner of Insurance of that State of securities representing the net cash value of outstanding contracts of life insurance, endowments, or annuities, and it is understood that many of the securities hereby transferred are now in the custody of said Commissioner of Insurance of the State of Iowa by virtue of deposits made in pursuance of such statutes."

> "6. It is further agreed by said American Life Insurance Company, Detroit, Michigan, that the deposits required by the laws of the State of Iowa to be made with the Commissioner of Insurance on all contracts of life insurance, endowments, or annuities issued by said American Life Insurance Company, of Des Moines, Iowa, and hereby reinsured, will be now and hereafter maintained at all times, both in amount and character of securities, as would have been required of said American Life Insurance Company, of Des Moines, Iowa, under the laws of said State of Iowa. The amount of such deposit required shall be determined by valuation of policies to be made on January first and July first of each year."

After the execution of the contracts, Exhibits "A", "B" and "C", and pursuant thereto, the Detroit Company executed and delivered to each of the Des Moines Company policyholders and each said policyholder accepted a document en-

titled "Certificate of Assumption". This certificate contained the following provisions (Exhibit "E", Record page 79):

> "THIS IS TO CERTIFY that the above numbered policy issued by the American Life Insurance Company of Des Moines, Iowa, has been assumed according to its terms, provisions and values by the *American Life Insurance Company*, Detroit, Michigan, and the *American Life Insurance Company*, Detroit, Michigan, will carry out all the provisions of said policy and perform all of the obligations therein contained as fully as the same would or should have been performed by the American Life Insurance Company of Des Moines, Iowa, * * *."

Prior to September 1, 1921, all of the contracts of insurance issued by the Des Moines Company were executed and issued at the home office of the company in Des Moines, Polk County, Iowa (Record page 56). Each had printed on the face of the contract in large letters the following:

> "THE FULL RESERVE ON THIS POLICY IS SECURED BY A DEPOSIT OF APPROVED SECURITIES WITH THE STATE OF IOWA." (Exhibit "F", Record page 80.)

In Section (6) General Provisions of the policy contract is the provision:

> "The legal reserve on this policy shall be invested in approved securities and deposited with the State of Iowa as required by law." (Exhibit "F", Record page 82.)

Filed